



**USAID**  
FROM THE AMERICAN PEOPLE

## USAID FORWARD

### Implementation & Procurement Reform

## ACHIEVEMENTS May 5, 2011

### IN THIS ISSUE

#### **Objective 1**

*PFMRAF: Stage 1 Rapid Appraisal*

*New Guidance Issued*

*Work in Progress*

#### **Objective 2**

*LCD Teams Established and Trained*

*LCD Technical Assistance*

*New Guidance Issued*

#### **Objective 3**

*USAID Small Business Goals for 2011*

*Increased Competition*

#### **Objective 4**

*Contract Review Board Threshold*

*New Guidance Issued*

*Board for Acquisition and Assistance Reform*

#### **Objective 5**

*New Guidance Issued*

#### **Objective 6**

*Standards for Establishing*

*A&A Authority Levels*

### **Cross Cutting Activities**

#### **Side Notes**

*USAID/Philippines LCD Team*

*Example Awards Issued Pursuant to IPR Objectives*

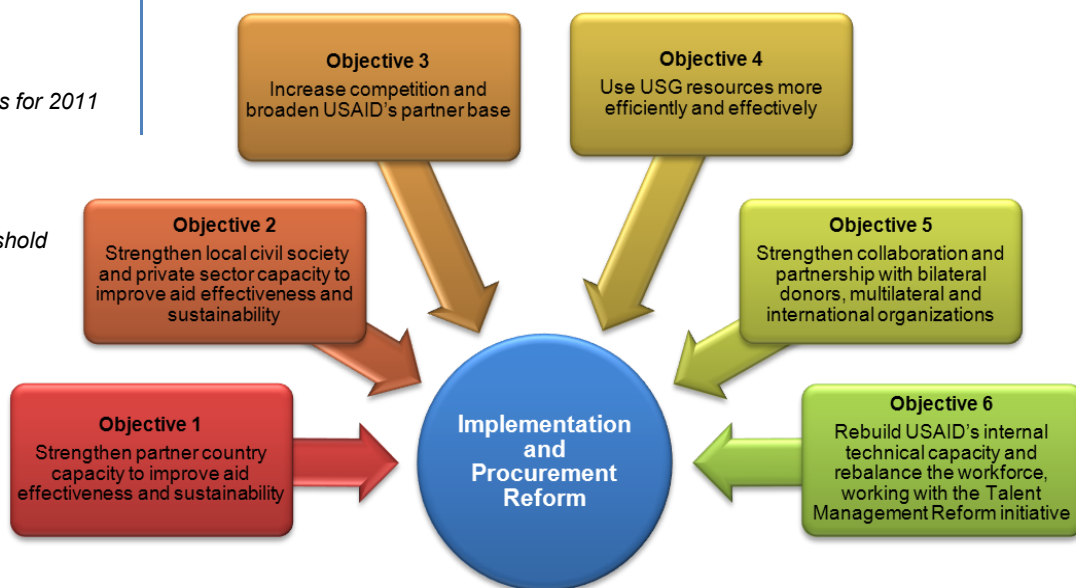
*USAID Supports Multi-Donor Global Partnership*

*USAID/Ghana Signs Cooperation Arrangement with Denmark*

### **Points of Contact—IPR Objectives**

### Implementation & Procurement Reform

USAID has embarked on an ambitious reform effort, *USAID FORWARD*, to change the way we do business—with new partnerships, an emphasis on innovation and a relentless focus on results. Implementation and Procurement Reform (IPR) is one of the seven key areas of reform within the *USAID FORWARD* comprehensive package of reforms. IPR consists of six objectives as shown in the diagram below. These objectives are discussed in detail in the document, “*Building Local Development Leadership*.”



### Objective 1

#### *Public Financial Management Risk Assessment Framework (PFMRAF) Stage 1 Rapid Appraisal*

An interagency working group fielded several teams comprised of representatives from CFO, GC, DCHA and OAA, field-tested the PFMRAF Stage 1 Rapid Appraisal in Rwanda, Peru, Liberia and Nepal, which permitted an Agency-wide roll-out of the PFMRAF in early 2011.



Philippines: Students at Tetuan Central Elementary School. Photo Credit: USAID

### **USAID/Philippines Local Capacity Development (LCD) Team**

The USAID/Philippines LCD Team has supported the award of three cooperative agreements to local organizations.

*“Opportunities that the LCD initiative brings to the Philippines: First and foremost, more direct grants to local CSOs mean more Filipino ownership of the development agenda. Increased Filipino ownership means more sustainable programs. Beyond ownership and sustainability, local capacity development will reinforce the legitimacy of local CSOs as advocates, watchdogs, agents of change and partners in development. Increased involvement with local CSOs will provide a voice to groups that have traditionally been marginalized and underrepresented.” — Gerardo Porta, USAID/Philippines.*

A CFO-led team (including two DLIs and representatives from GC) recently returned from a successful Stage 1 Rapid Appraisal in Tanzania and is currently conducting a Stage 1 Rapid Appraisal in Ghana. Additional Stage 1 Rapid Appraisals will be conducted in at least six other countries this year including South Africa and Bangladesh.

### **Objective 1 New Guidance Issued**

The IPR Objective 1 Team issued the first in a series of internal guidance documents for Objective 1: Use of Partner Country Systems. This guidance document, *Public Financial Management Risk Assessment Framework, Stage 1: Rapid Appraisal of PFM Risk*, sets forth the approach and requirements for carrying out an initial rapid appraisal of country-level fiduciary risks related to Public Financial Management (PFM).

(Point of Contact: Tom Briggs, [tbriggs@usaid.gov](mailto:tbriggs@usaid.gov).)

### **Work in Progress**

A series of four training courses related to partner country systems are currently being developed for delivery this summer:

- > Implementing USAID assistance through partner country systems,
- > Programming USAID assistance for delivery through partner country systems,
- > Public Financial Management (Assessing) and strengthening partner country capacity for country led assistance, and
- > Technical Approaches to strengthening partner country capacity and accountability systems.

---

## **Objective 2**

### **Local Capacity Development Teams Established and Trained**

Five Local Capacity Development (LCD) Teams, comprised of first tour foreign officers, senior FSNs and U.S. Direct Hires, were established in Peru, Egypt, South Africa, Kenya and the Philippines in the fall of 2010. In November 2010, the IPR Objective 2 Working Group completed a two-week training course for the five LCD teams, with each team completing an LCD action plan for their respective Mission.

In March 2011, the Objective 2 Working Group organized and facilitated a one-week local capacity development training/workshop in Dakar, Senegal. In addition to the LCD Team members from USAID/Senegal, participants from USAID missions in Mali, Sierra Leone, Guinea, Ghana, Liberia and Mozambique also attended. There were sessions on aid effectiveness, sector mapping, organizational assessment and

### Example Awards Issued Pursuant to IPR Objectives

GH has utilized an “Annual Program Statement” as a way of making multiple awards in support of a program objective. This began in FY 2010 with the following results:

- Five awards to support social science and operations research – all under \$10 million.
- Three awards for advancing reproductive health technologies – all under \$10 million.
- Three awards for better utilizing data and research for advancing population and reproductive health policies – all under \$15 million.
- Two awards for strengthening family planning service delivery at the country level – each for \$40 million.

GH TASC 4 was planned as a single procurement, covering needs for technical assistance in planning, implementation and evaluation in the broad fields of health, family planning and nutrition in three regions. It included as well a separate Information, Communication Technology (ICT) component. The total procurement had an estimated budget of \$2 billion. In response to Procurement Reform, the procurement has been reconfigured as three separate ID/IQC regional procurements and a separate ICT ID/IQ procurement. Each regional award anticipates approximately 6 five year ID/IQ contracts which include up to 4 unrestricted awards and 2 small business set aside awards. The separate ID/IG contracts are limited to small businesses.

development approaches, assistance tools and risk mitigation, and included a field practicum using an organizational capacity assessment tool with grant recipients located in Dakar. As a result of the training/workshop, the USAID/Senegal Team and other Mission participants prepared draft action plans to support IPR Objective 2 goals.



USAID/Egypt LCD Team with Administrator Shah. Photo Credit: USAID

### Local Capacity Development Technical Assistance

Since the launch of Objective Two's work on local capacity development (LCD), members of the Technical Assistance and Field Support Sub-Working Group have received numerous requests for LCD-related support from Missions and from Global Offices and Bureaus. Support was provided to: the Development Grants Program; USAID/Egypt on developing their Annual Program Statement (APS); EGAT's Human and Institutional Capacity Development program; DCHA's Conflict Management and Mitigation office on their global APS; USAID/Philippines on a new capacity development program; Macedonia's new Civil Society Program; Belarus' for a local grant on a disabilities project, and to USAID/Kazakhstan on an upcoming civil society program. Sub-working group members have also received an array of other requests from Missions and are in the process of providing support. In the coming month, intensive assistance will also be provided to the Missions in Bangladesh and Peru.

(Point of Contact: [myerkes@usaid.gov](mailto:myerkes@usaid.gov))

### Objective 2 New Guidance Issued

#### ◆ Fixed Obligation Grants

The Agency issued revised policy guidance on the use of fixed obligation grants (FOGs), which allow grants with first time and higher risk recipients that have demonstrated technical capabilities. The new instrument has



## Example Awards Issued Pursuant to IPR Objectives

EGAT/EG replaced a group of IQCs with ceilings of more than \$9 billion with two smaller IQC instruments with ceilings totaling \$2.7 billion (with half reserved for CPCs). This represents a significant step forward in phasing out these vehicles. The largest of the IQC mechanisms, Economic Growth for Poverty Reduction (EG4PR), is also being procured under an innovative Lowest Price, Technically Acceptable source selection process which EGAT hopes will result in significant cost-savings to USAID and represents a more aggressive attempt by USAID to use its negotiating power and scale to force greater price competition in the marketplace.

GH \$700 million TB procurement was divided into two awards (with a possibility of a third in FY 12).



Farmers in Mombasa, Kenya. Photo Credit: DTS

revised eligibility requirements, allows for advance payments under specific conditions and makes payments based on the completion of defined outputs or milestones. The Agency has already awarded FOGs for activities in Ethiopia, Sri Lanka and Benin.

*(Points of Contact: Ron Wietecha, [rwietecha@usaid.gov](mailto:rwietecha@usaid.gov) and Diane Howard, [DHoward@usaid.gov](mailto:DHoward@usaid.gov).)*

### ◆ Source/Origin/Nationality Blanket Waiver

The Administrator signed a blanket waiver of source/origin/nationality requirements for procurement of goods and services up to \$5 million per award to provide interim relief while the Agency revises the regulation through the public rule-making process.

*(Point of Contact: John Niemeyer, [jniemeyer@usaid.gov](mailto:jniemeyer@usaid.gov).)*

### ◆ Delegation of Authority Standards for Establishing Acquisition and Assistance Authority Levels

The recently issued Delegation of Authority increases the warrant authority that Mission Directors may receive for issuing awards to indigenous organizations. If a Mission Director wishes to accept the additional responsibilities, he or she must successfully complete the one-day "Acquisition & Assistance Seminar for Executives" course. The expanded warrant has been increased to \$6.5 million to sign assistance awards with non-U.S. NGOs, and is limited to use in the country of assignment and for assistance awards only. The expanded warrant is issued individually and may not be exercised by or delegated to anyone else.

*(Point of Contact: Suzanne Johnson, [sjohnson@usaid.gov](mailto:sjohnson@usaid.gov).)*

### ◆ Delegation of Authority to Write-Off Bad Debt Increased

The CFO has increased the delegation of authority to Mission Directors to write-off certain bad debts from \$5,000 to \$25,000.

*(Point of Contact: Eddie C. Morton, [emorton@usaid.gov](mailto:emorton@usaid.gov).)*

---

## Objective 3

### USAID Small Business Goals for 2011

The Agency recently released the USAID Small Business Goals for 2011. As noted by the Administrator, one of the major objectives of the IPR initiative is to increase the number and diversity of our partner base. Using U.S. small businesses allows USAID to work with diverse partners, bringing new and creative approaches to meeting our programming needs and also serves to meet a major IPR objective. As

## Example Awards Issued Pursuant to IPR Objectives

GH is sub-dividing the planned \$500 million procurement for neglected tropical diseases into three awards, two of which were accomplished in FY 2010. GH is also looking at providing technical assistance directly to focus countries, rather than always working through grantees; grantees will focus on administrative and financial support.



Representatives of national Conflict Early Warning and Response Units (CEWERUs) and others took time to share experiences about enhancing peace in their communities. Photo Credit: USAID/EA

DCHA/CMM included a NGO small grants component in their Annual Program Statement (APS) for FY 2011 Conflict Mitigation and Reconciliation Programs and Activities. To further USAID *FORWARD* IPR Objectives, the APS included for the first time two pools of funding. Funding between \$100,000 to \$500,000 was exclusively for applications from local NGOs to encourage their participation in the submission of applications. All other applicants, including local organizations, were eligible to apply for funding over \$500,000 up to \$1,200,000. One hundred and thirty-five of the total applications received (or 39%) were from local (non-US-based) organizations.

the Agency changes the way it works to become more effective and efficient, the use of these more flexible, boutique firms will become an important tool in the accomplishment of our mission and bring forth greater creativity, innovation, and technical expertise.

### Increased Competition

In order to foster increased competition, obtain best value, and hold implementing partners more accountable for accomplishing results on time and within budget, the Administrator announced a new policy to require high-level approvals for non-competitive extensions or follow-on awards above \$5 million (or above \$20 million for awards in critical priority countries (CPCs)). This new requirement will advance Agency efforts to become more proficient and effective in procurement planning while also expanding our partner base by increasing the number of funding opportunities for entities who may be capable of and interested in participating in USAID programs.

---

## Objective 4

### Contract Review Board (CRB) Threshold Increased

The threshold for CRB reviews of contracts, including IQCs has been increased to \$25 million from \$10 million. Based on the current Business Forecast, this will mean 44 contracts and 30 IQCs will require CRB review for FY11. Increasing the threshold from the current \$10 million reduces the number of procurements requiring review by 47. OAA is in the process of completing a comprehensive review of its CRB operating procedures to determine where improvements or efficiencies might be made and new policy guidance will soon be issued to further streamline the process.

(Point of Contact: Charity Benson, [cbenson@usaid.gov](mailto:cbenson@usaid.gov).)

### Objective 4 New Guidance Issued

#### ◆ Leaders with Associates (LWA)

OAA issued revised guidance on LWAs to increase competition in the Agency's programs, as well as eliminate the instances in which LWAs have been inappropriately used. The revised guidance addresses the following issues:

- > The leader and associate award ceilings specified at the time of award are limits that cannot be exceeded without further review and approval.
- > The performance periods for the leader and associate awards cannot exceed five years from the dates these awards are made without further review and approval.

## USAID Supports Multi-Donor Global Partnership

USAID approved on April 5, 2011 a joint grant agreement with the Consultative Group on International Agricultural Research (CGIAR). The CGIAR is a global partnership that unites donors with organizations engaged in cutting-edge agricultural research aimed at reducing poverty and hunger and improving human health and nutrition.

The approval of the joint grant agreement is the result of several months of complex negotiations to harmonize diverse practices, policies and legal requirements of the various donors and stake holders. By collaborating and partnering with bilateral donors and multilateral and international organizations, USAID's support of this global mechanism is an example of the procurement reform initiatives under objective five.



Southern Africa agriculture program covers research and increasing the productivity of small farming businesses to cope with the persistence of chronic hunger, malnutrition, and threat of famine, particularly in a region reeling from the effects of HIV/AIDS. Photo Credit: USAID/Reverie Zurba

- > Any field buy-ins to a leader award must be anticipated in the budget and scope of work at the time of award and LWAs with buy-ins that exceed certain limits will require additional BAAR review and approval.

(Point of Contact: James Norris, [jnorris@usaid.gov](mailto:jnorris@usaid.gov).)

### ◆ Pharmaceutical Waiver and Revised ADS Guidance

The Administrator signed a blanket waiver of source/origin/nationality requirements for procurement of pharmaceuticals to Geo Code 935; removed the requirement that non-US pharmaceuticals may only be purchased if the pharmaceutical is not available in the US or if the delivery price from the US would be 50% more expensive; removed the requirement for justifying why pharmaceuticals are essential for the activity; clarified that branding requirements do not apply to pharmaceuticals; authorized COs to delegate to COTRs and AOTRs the authority to communicate approval of the purchase of pharmaceuticals; removed responsibility for approval of all purchases of pharmaceuticals from OAA to GH; and made similar changes for contraceptives, including clarification that the pharmaceutical requirements do not apply to contraceptives.



Indian women looking at medicine. Photo Credit: USAID

(Point of Contact: Ron Wietecha, [rwietecha@usaid.gov](mailto:rwietecha@usaid.gov).)

### Board for Acquisition and Assistance Reform (BAAR)

Twenty four proposed awards were reviewed by the BAAR in FY 2010 with a total value of \$11.7 billion. As a result of these reviews, three proposed actions were recommended to proceed without change and twenty one proposed actions were restructured. These restructurings included changes in financial magnitude, splitting procurements between CPC and non CPC programs, introduction of small business reserves and thresholds, reduction in performance periods, shifting planned LWA associate awards to full and open competition, and dividing a worldwide IQC into several regionally focused IQCs and a fully competed contract.



## USAID/Ghana Signs Cooperation Arrangement with Denmark

USAID/Ghana and the Danish International Development Agency (Danida) recently signed a cooperation arrangement in which USAID will contribute up to \$4 million to support the second phase of Danida's Business Sector Advocacy Challenge Fund (BUSAC II). BUSAC II provides grants, training and technical support to business associations, trade unions and business media. Danida has already committed \$8 million in support of BUSAC II and, as lead donor, will be responsible for managing the project. This innovative Arrangement is a significant step in the Agency's drive for implementation and procurement reform. The Arrangement leverages Danida's comparative advantage in business sector advocacy and increases aid effectiveness by eliminating duplicative efforts and by strengthening the local private sector capacity. Moreover, in furtherance of the Feed the Future Initiative, USAID expects that small and medium farm-based organizations will take advantage of opportunities under the BUSAC II to address the legal and regulatory issues that affect food security and business, increasing farm productivity and improving nutrition.



Vegetable seller in a market. Photo Credit: USAID

## Objective 5

### Objective 5 New Guidance Issued

#### ◆ Blanket Waiver for Procurements by PIOs/Bilateral Development Partners

The Administrator approved a blanket waiver to authorize procurement in Geographic Code 935, any area or country, including the cooperating country, but excluding the foreign policy restricted countries, under grants to bilateral donors and PIOs as eligible in accordance with ADS Chapter 308. This waiver will provide the Agency with more flexibility to engage with our development partners in instances where USAID determines that awarding grants to bilateral and multilateral development partners best accomplishes the Agency's development objectives.

*(Point of Contact: Jun Jin, [jjin@usaid.gov](mailto:jjin@usaid.gov).)*

#### ◆ Draft Templates for Grants to Bilateral Development Partners

GC has circulated pilot guidance and templates for USAID operating units to use when there is a determination that an activity may be best accomplished via a grant to another bilateral donor. Some missions are currently considering these grant templates, and we intend to revise our draft guidance with more formal guidance through a standalone ADS chapter in the coming months.

*(Point of Contact: Jun Jin, [jjin@usaid.gov](mailto:jjin@usaid.gov).)*

#### ◆ Revision to ADS Chapter 308, Public International Organizations (PIOs)

The Agency recently issued a substantially revised ADS 308 on PIOs. The revised ADS expands the definition of PIOs and categorizes them based on specific criteria. The ADS also recognizes the use of a PIO's operating procedures while maintaining the USG standard of performance and fiduciary accountability. The new chapter establishes the Delegated Cooperation Secretariat (DCS), which will be coordinated and supported by representatives from PPL/DE, M/OAA, GC, M/CFO and other bureaus and offices to be determined. The DCS will maintain the List of PIOs and carry out responsibility determinations and categorizations of the PIOs as required. Additionally, the revised ADS will delineate three types of awards:

1. Cost-type grants for which funds are provided to PIOs on a reimbursement or advance basis based on specific costs of goods and services;



Children in Ghana carry home their insecticide-treated nets, which can protect them against the dangers of malaria. Credit: Esther Hsu/ TAMTAM

### Working with Local Partners in South Africa

*"Working directly with local partners will go a long way in building sustainable local organizations that will continue to generate local solutions to local development challenges, long after the interventions of international aid organizations like USAID."* — Nomea Masihelo, USAID/South Africa

2. Program contributions where a significant development purpose is met by granting the PIO greater autonomy with funds, such as in multi-donor pooled funding arrangements; and
3. General contributions which are grants based on express statutory authority whereby USAID provides general funding to a PIO (e.g., the Global Fund to Fight AIDS, Tuberculosis and Malaria).

(Point of Contact: Jun Jin, [jjin@usaid.gov](mailto:jjin@usaid.gov).)

---

## Objective 6

### Standards for Establishing Acquisition and Assistance Authority Levels

The warrant system for USAID/Washington Contracting Officers and Foreign Service Contracting Officers has been expanded and now includes six (6) different warrant levels ranging from \$1 million to unlimited. A Warranted CO will have authority to negotiate and award acquisition and assistance actions (new awards and modifications) up to the warrant authority as specified on each individual's warrant. This gives us more flexibility and should improve A&A in the field and at headquarters.

(Point of Contact: Suzanne Johnson, [sjohnson@usaid.gov](mailto:sjohnson@usaid.gov).)

### Strengthening the Agency's Capacity to do IPR

The Agency is in the process of recruiting 45 civil service positions to provide expertise in OAA, DG, EGAT, CFO, GC, OSDDBU, and other bureaus to support IPR throughout the Agency.

---

## Cross-Cutting Activities

### Work in Progress

#### Revision to Agency Rule on Source, Origin, and Nationality

GC has received a number of comments in response to our Advanced Proposed Notice of Rulemaking for our regulation on source, origin, and nationality (22 C.F.R. Part 228). We will be consulting with Congress in the near term on our approach. Subsequent to that, we will work with OMB to discuss their review and approval of the proposed rule with the goal to publish the rule by May 2011 with a 60-day comment period. USAID will then respond to any comments and plan on issuing the revision after the beginning of FY 2012.



## Links and References

[USAID FORWARD](#)

[QDDR](#)

[Fiscal Reform & Economic  
Governance](#)

[Foreign Assistance.gov](#)

[OECD-DAC](#)



Under a USAID project, residents of Flagstaff, Jamaica, received training in conservation and tourism including food preparation, customer service, and craft development. Photo Credit: USAID, Ruth Chisholm

## Source, Origin, and Nationality Waiver for Vehicles

Processing waivers for certain types of needed vehicles has become a significant point of inefficiency in the use of U.S. foreign assistance resources, incurring unnecessary time and expense. Therefore, we are close to finalizing a proposed blanket source, origin, nationality waiver for the following motor vehicles:

- > right-hand drive vehicles (except for circumstances where a U.S.-manufactured Jeep Wrangler would suit project needs); and
- > lightweight and medium weight (below 600 cc) two-wheel and three-wheel motor vehicles.

If approved, this waiver will alleviate the workload on Agency staff and our implementing partners.

(Points of Contact: Paul Kim, [pkim@usaid.gov](mailto:pkim@usaid.gov) and Carol Ketrick, [cketrick@usaid.gov](mailto:cketrick@usaid.gov).)

---

## Points of Contact

Objective 1: David Ostermeyer, [DOstermeyer@usaid.gov](mailto:DOstermeyer@usaid.gov)  
Tom Briggs, [tbriggs@usaid.gov](mailto:tbriggs@usaid.gov)

Objective 2: Littleton Tazewell, [ltazewell@usaid.gov](mailto:ltazewell@usaid.gov)  
Pamela Wyville-Staples, [pwylville-staples@usaid.gov](mailto:pwylville-staples@usaid.gov)

Objective 3: Maurico Vera, [mvera@usaid.gov](mailto:mvera@usaid.gov)  
James Norris, [jnorris@usaid.gov](mailto:jnorris@usaid.gov)

Objective 4: Maureen Shauket, [mshauket@usaid.gov](mailto:mshauket@usaid.gov)  
James Norris, [jnorris@usaid.gov](mailto:jnorris@usaid.gov)

Objective 5: Jun Jin, [jjin@usaid.gov](mailto:jjin@usaid.gov)

Objective 6: Maureen Shauket, [mshauket@usaid.gov](mailto:mshauket@usaid.gov)